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# **MERC Commission Meeting**

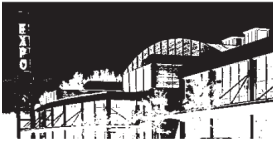
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February 5, 2014  
12:30 pm

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Oregon Zoo  
4001 SW Canyon Road  
Vista Room

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600 NE Grand Ave.  
Portland, OR 97232  
503-797-1780

[www.oregonmetro.gov](http://www.oregonmetro.gov)



## Metro | *Exposition Recreation Commission*

### Agenda

Meeting: Metro Exposition Recreation Commission Meeting  
Date: Wednesday, February 5, 2014  
Time: 12:30 -2:30 p.m.  
Place: Oregon Zoo, Vista Room

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#### CALL TO ORDER

**12:30 1. QUORUM CONFIRMED**

**12:35 2. OPPORTUNITY FOR PUBLIC COMMENT ON NON-AGENDA ITEMS**

**12:40 3. COMMISSION/COUNCIL LIAISON COMMUNICATIONS**  
**3.1 Budget Committee Chair report**

**Judie Hammerstad**  
**Cynthia Haruyama**

**12:45 4. FY 2012-2013 FINANCIAL AUDIT, pages 4-25**

**Suzanne Flynn, Tim Collier,**  
**Brad Smith and Annamarie**  
**McNiel, Moss Adams**

**1:05 5. DIVERSITY ACTION PLAN UPDATE, pages 27-32**

**Bill Tolbert**

**1:20 6. GENERAL MANAGER COMMUNICATIONS**

**Teri Dresler**

**1:25 7. FINANCIAL REPORT, pages 35-46**

**Benjamin Rowe**

**1:30 8. MERC VENUE BUSINESS REPORTS**

**Matthew P. Rotchford**  
**Robyn Williams**  
**Scott Cruickshank**

**1:45 9. CONSENT AGENDA**

**9.1** January 8, 2014 MERC Commission Record of Actions, pages 48-50  
**9.2** Approval of Ethics Authorization Form for Travel Portland CAB FAM  
February 19-21, 2014, page 51

**1:50 10. ACTION AGENDA**

**10.1 RESOLUTION 14-02** For the Purpose of approving the terms of the  
Fifth Amendment to the Broadway Series Agreement and delegating  
authority to the General Manager of Visitor Venues to execute the  
Fifth Amendment, pages 53-58

**Robyn Williams**

**ADJOURN**

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# **MERC Commission Meeting**

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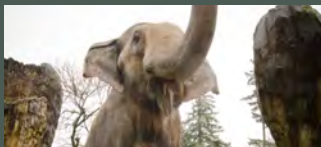
February 5, 2014  
12:30 pm

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4.0 Financial Audit  
FY 2012-2013

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Cover only - entire report may be  
downloaded from Metro's website  
(186 pages)



600 NE Grand Ave.  
Portland, Oregon  
97232-2736

# CAFR

**Comprehensive Annual Financial Report  
For the fiscal year ended June 30, 2013**



**Metro** | *Making a great place*

Clean air and clean water do not stop at city limits or county lines. Neither does the need for jobs, a thriving economy and good transportation choices for people and businesses in our region. Voters have asked Metro to help with the challenges that cross those lines and affect the 25 cities and three counties in the Portland metropolitan area.

A regional approach simply makes sense when it comes to protecting open space, caring for parks, planning for the best use of land, managing garbage disposal and increasing recycling. Metro oversees world-class facilities such as the Oregon Zoo, which contributes to conservation and education, and the Oregon Convention Center, which benefits the region's economy

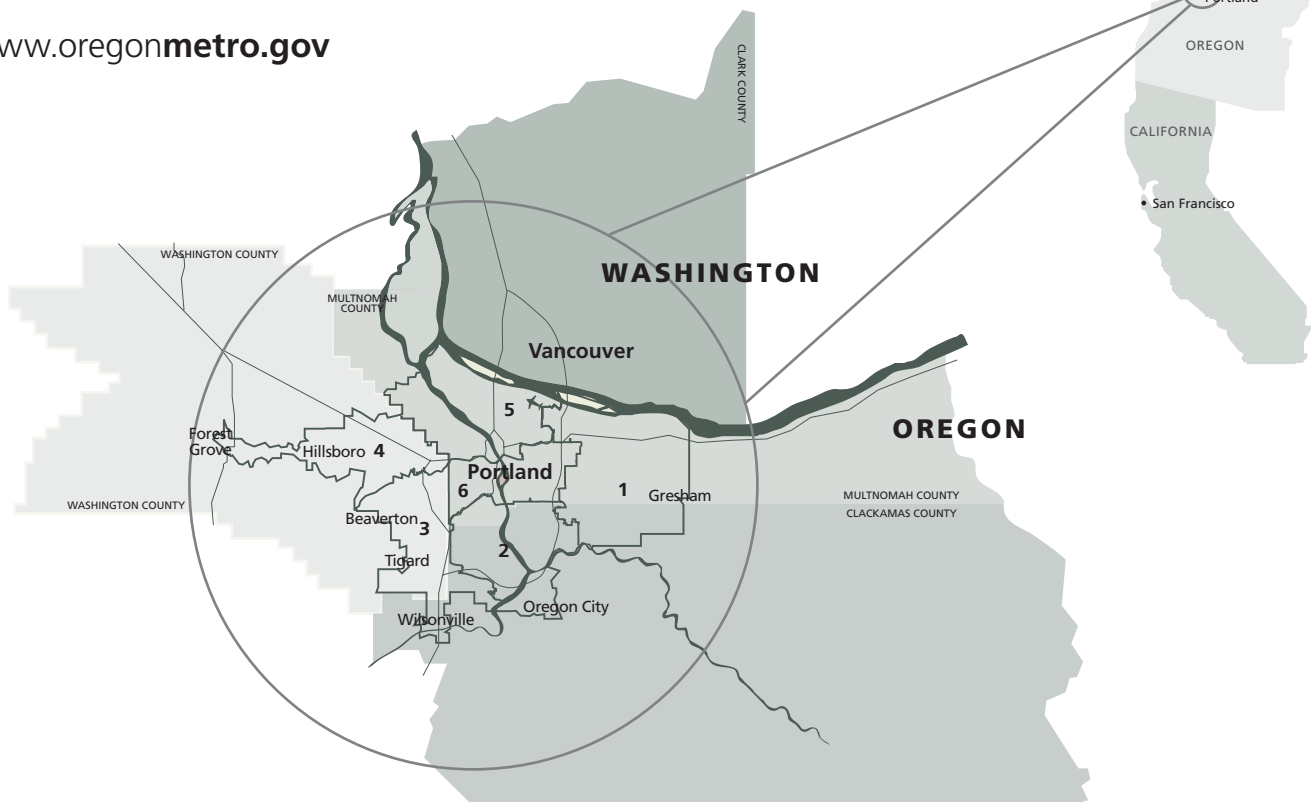
**Your Metro representatives for the year ending  
June 30, 2013**

Metro Council President – Tom Hughes

Metro Councilors – Shirley Craddick, District 1;  
Carlotta Collette, District 2; Craig Dirksen, District 3;  
Kathryn Harrington, District 4; Sam Chase, District 5;  
Bob Stacey, District 6.

Auditor – Suzanne Flynn

[www.oregonmetro.gov](http://www.oregonmetro.gov)



## REPORT OF INDEPENDENT AUDITORS

Metro Council and Metro Auditor  
Portland, Oregon

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Metro, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Metro's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Oregon Zoo Foundation, a discretely presented component unit, which represents 100% of the assets, net position, and revenues of the discretely presented component unit of Metro. Those financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Oregon Zoo Foundation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of The Oregon Zoo Foundation were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Metro's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

## MOSS-ADAMS<sub>LLP</sub>

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Metro, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17 through 33; the schedules of revenues, expenditures and changes in fund balance – budget and actual and related notes (the "budgetary schedules"); and the schedule of funding progress for the other postemployment benefits on pages 83 through 86, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the management's discussion and analysis and the schedule of funding progress for the other postemployment benefits described in the preceding paragraph in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Metro's basic financial statements. The budgetary schedules described above are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The budgetary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Metro's basic financial statements. The other supplementary information and other financial schedules, and the schedule of expenditures of federal awards which is required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; each as listed in the table of contents (collectively, the supplementary information), are

**MOSS ADAMS** LLP

presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, other financial schedules, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Metro's basic financial statements. The introductory section and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2013, on our consideration of Metro's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Metro's internal control over financial reporting and compliance.

**Report on Other Legal and Regulatory Requirements**

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 19, 2013, on our consideration of Metro's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



For Moss Adams LLP  
Eugene, Oregon  
November 19, 2013

## Management's Discussion and Analysis

### For the fiscal year ended June 30, 2013

As management of Metro, Oregon, we provide readers of Metro's financial statements this narrative overview and analysis of the financial activities of Metro for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages 1 - 8 of this report. This information is based upon currently known facts, decisions or conditions.

## FINANCIAL HIGHLIGHTS

- Metro's assets and deferred outflows of resources exceed its liabilities (also defined as net position) by \$537,031,738 at June 30, 2013, which reflects an increase of 5.4 percent or \$27,570,244 over the prior fiscal year. Of this amount, \$36,734,730 represents unrestricted net position, which may be used to meet Metro's ongoing obligations to citizens and creditors
- Metro completed the fiscal year with its governmental funds reporting *combined* fund balances of \$206,354,642. This is down considerably from the prior fiscal year, due mainly to capital spending on Natural Areas and Oregon Zoo Infrastructure and Animal Welfare bond projects. In addition, with the retirement of the Oregon Convention Center 2001 Series and Open Spaces Parks and Streams 2002 series debt, only one issue still has obligations due early in the fiscal year before property taxes are received resulting in a significantly smaller fund balance restricted for debt service at June 30, 2013. Of the total amount of governmental combined fund balance, \$25,530,229 or 12.4 percent, is considered available for spending at Metro's discretion (*unassigned* fund balance).
- At the end of fiscal year 2013, unrestricted fund balance (the total of the *committed*, *assigned* and *unassigned* components of fund balance) in the general fund totaled \$30,957,876 and represents approximately 42.1 percent of total general fund expenditures.
- Metro's total outstanding long-term liabilities decreased \$43,320,666 or 11.6 percent during the current fiscal year as a result of the payment of regularly scheduled maturities of principal on outstanding bonds payable and the refunding of Full Faith and Credit Refunding Bonds, 2003 Series. This refunding defeased the bonds and resulted in a reduction in debt service of \$889,376 over 10 years and a present value savings of \$1,284,311. The amount of outstanding long-term debt is after restating fiscal year 2012 for the amount of the deferred charge on refunding that is now reflected as a deferred outflow of resources on the Statement of Net Position, and for the amount of previously deferred bond issuance costs which were recognized as an expense in accordance with *GASB Statement No. 65, Items Previously Reported as Assets and Liabilities*. Metro implemented this statement in fiscal year 2013 as discussed in detail in note IV to the financial statements.
- Metro acquired ownership of 471 acres of additional natural areas from willing sellers from the proceeds of the Natural Areas general obligation bonds bringing the overall bond acquisition total to 4,586 acres. The total capitalized cost for the property and easements acquired and stabilized in the current fiscal year under this program was \$11,083,544.
- The Oregon Zoo began construction for the Elephant Lands major capital project work under the Oregon Zoo Infrastructure and Animal Welfare Bond program during fiscal year 2013. The Tiger Plaza was demolished and converted into a catering area and picnic space, and the new Wild Life Live building renovation and a new service road were underway as additional projects during the fiscal year. These and other related projects are all funded by bond proceeds with total capitalized costs in fiscal year 2013 of \$8,432,868.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Metro's basic financial statements, which consist of the following three components: 1) the *government-wide financial statements*, 2) the *fund financial statements*, and 3) the *notes to the financial statements*. The two categories of financial statements are discussed in further detail below. The *notes to the financial statements* provide more detailed information and explain the nature of many of the amounts

contained in the financial statements and are considered integral to the understanding of the financial statements. This report also includes *supplementary information* intended to furnish additional detail to support the basic financial statements.

**Government-wide financial statements.** Metro's government-wide financial statements are designed to provide readers with a broad overview of Metro's finances using accounting methods similar to those used by private-sector business. Government-wide financial statements provide both short-term *and* long-term information about Metro's overall financial status.

The *statement of net position* includes all of Metro's assets, liabilities, and deferred outflows/inflows of resources, with the net difference between these elements reported as net position. Over time, increases or decreases in Metro's net position may serve as a useful indicator of whether the financial position of Metro is improving or deteriorating. This is only one measure, however, and the reader should consider other indicators such as general economic conditions in the region, changes in property taxes and assessed value, and the age and condition of capital assets used by Metro.

All of the current fiscal year's revenues and expenses are accounted for in the *statement of activities*. The statement presents information showing how Metro's net position changed during the fiscal year. Such changes are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected property taxes and earned but unused vacation leave). Because it separates program revenue (revenue generated by specific programs through charges for services, grants, and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each program has to rely on taxes and other general revenues for funding.

Each government-wide financial statement is divided into three categories:

*Governmental activities* – Activities supported principally by general revenue sources such as taxes and intergovernmental revenues that provide Metro's basic governmental services. These services include the *general government operations* functions of the Council office and various administrative functions, *regional planning and development* which includes regional transportation and land use planning, *culture and recreation* which includes regional parks and natural areas, rehabilitation and enhancement activities near Metro area solid waste facilities, management of Smith and Bybee Lakes and Pioneer Cemeteries, and *zoo* programs that account for operation of the Oregon Zoo.

*Business-type activities* – Activities supported by charges for services and fees to customers to help cover the costs of certain services. These activities consist of the *Solid Waste* and Metropolitan Exposition Recreation Commission (MERC) operations. Solid waste operations include the operation of two transfer and recycling centers (Metro South and Metro Central), household hazardous waste collection centers, paint recycling center and other solid waste system programs. MERC operations include the Oregon Convention Center (OCC), Portland Center for the Performing Arts (PCPA) and Expo facilities.

*Component unit* – Metro includes The Oregon Zoo Foundation (OZF) as a discretely presented component unit. OZF is considered a component unit as the sole purpose of this legally separate non-profit organization is to provide support and significant additional funding for Metro's Oregon Zoo.

The government-wide financial statements can be found on pages 35 - 39 of this report.

**Fund financial statements.** The *fund financial statements* focus on individual parts of Metro and report Metro's operations in more detail, and on a different basis of accounting, than the government-wide statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Metro, like other state and local governments, uses fund accounting to ensure and demonstrate

## Management's Discussion and Analysis, *continued*

### For the fiscal year ended June 30, 2013

compliance with finance related legal requirements – including bond covenants and Oregon local budget law requirements. The funds of Metro can be classified into two categories:

- **Governmental funds** are used to account for essentially the same functions as reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, these statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year. Thus, the governmental funds statements provide a detailed short-term view that helps the reader determine the comparative level of financial resources that can be spent in the near future to finance Metro's programs.

Because this information does not encompass the additional long-term focus of the government-wide statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of Metro's near-term financing decisions. A reconciliation that follows the governmental funds statements explains the differences between the two statements to facilitate this comparison between *governmental funds* and *governmental activities*.

Metro maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the four funds considered to be major: General, General Obligation Bond Debt Service, Oregon Zoo Infrastructure and Animal Welfare, and Natural Areas funds. Data from the other four governmental funds (Smith and Bybee Lakes, Rehabilitation and Enhancement, Open Spaces and Cemetery Perpetual Care) are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Metro adopts an annual appropriated budget for all funds. Budgetary comparison schedules for all appropriated funds are provided following the notes to the financial statements to demonstrate compliance with the adopted budget. Of special note, a portion of one budgetary fund (the General Revenue Bond Fund) and one additional entire budgetary fund (General Asset Management Fund) are allocated to the General Fund and combined with those operating activities for reporting in conformance with generally accepted accounting principles in the governmental fund financial statements. The remaining portion of the budgetary General Revenue Bond Fund is allocated to the MERC Fund for proprietary fund presentation noted below.

The governmental fund financial statements can be found on pages 41 - 46 of this report.

- **Proprietary funds** Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail, including cash flows. Metro includes two different types:

*Enterprise funds* are used to report the same functions as *business-type activities* in the government-wide financial statements. Metro uses enterprise funds to account for its Solid Waste and MERC operations, both of which are considered major funds.

*Internal service funds* are an accounting device used to accumulate and allocate costs internally among Metro's various functions. Metro uses an internal service fund to account for management of its retained risks. The revenues and expenses of the internal service fund that are duplicated in other funds through cost allocations are eliminated in the government-wide statements, with the remaining balances included in governmental activities in the government-wide financial statements.

The proprietary fund financial statements can be found on pages 47 - 52 of this report.

**Notes to the financial statements.** The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 53 - 80 of this report.

# METRO

## Management's Discussion and Analysis, *continued* For the fiscal year ended June 30, 2013

**Required Supplementary Information (RSI).** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Metro's General Fund budget-to-actual results and its progress in funding its other post-employment healthcare benefit obligations. RSI can be found on pages 81 - 86.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 87-112.

In presenting the financial statements and disclosures, Metro implemented in fiscal year 2013 the following new GASB statements (GASBS) where applicable:

- GASBS No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*
- GASBS No. 61, *The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34*
- GASBS No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*
- GASBS No. 65, *Items Previously Reported as Assets and Liabilities*

### FINANCIAL ANALYSIS OF METRO AS A WHOLE (Government-Wide)

**Net position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Metro's assets and deferred outflows of resources exceed liabilities (defined as net position) by \$537,031,738 at June 30, 2013. The following table, restating fiscal year 2012 for the implementation of GASB statements No. 63 and 65 noted earlier (see note IV to the financial statements), reflects the condensed Government-wide Statement of Net Position.

Metro's Net Position						
	Governmental Activities		Business-type Activities		Total - Primary Government	
	2013	2012 restated	2013	2012 restated	2013	2012 restated
Current and other assets	\$ 247,541,046	284,875,288	80,503,726	74,865,509	328,044,772	359,740,797
Capital assets	373,377,735	352,662,918	192,949,042	197,513,974	566,326,777	550,176,892
<b>Total assets</b>	<b>620,918,781</b>	<b>637,538,206</b>	<b>273,452,768</b>	<b>272,379,483</b>	<b>894,371,549</b>	<b>909,917,689</b>
<b>Total deferred outflows of resources</b>	<b>1,819,473</b>	<b>2,290,971</b>	<b>491,409</b>	<b>534,452</b>	<b>2,310,882</b>	<b>2,825,423</b>
Long-term liabilities outstanding	305,473,089	346,791,732	23,157,290	25,159,313	328,630,379	371,951,045
Other liabilities	18,953,742	18,663,729	12,066,572	11,300,927	31,020,314	29,964,656
<b>Total liabilities</b>	<b>324,426,831</b>	<b>365,455,461</b>	<b>35,223,862</b>	<b>36,460,240</b>	<b>359,650,693</b>	<b>401,915,701</b>
Net position:						
Net investment in						
capital assets	271,978,616	237,849,839	182,360,721	186,405,139	454,339,337	424,254,978
Restricted	43,460,675	48,436,372	2,496,996	2,001,535	45,957,671	50,437,907
Unrestricted	(17,127,868)	(13,149,913)	53,862,598	47,918,522	36,734,730	34,768,609
<b>Total net position</b>	<b>\$ 298,311,423</b>	<b>273,136,298</b>	<b>238,720,315</b>	<b>236,325,196</b>	<b>537,031,738</b>	<b>509,461,494</b>

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH OREGON MINIMUM AUDIT STANDARDS**

Metro Council and Metro Auditor  
Portland, Oregon

We have audited the basic financial statements of Metro as of and for the year ended June 30, 2013 and have issued our report thereon dated November 19, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

**Compliance**

As part of obtaining reasonable assurance about whether Metro's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

OAR	Section	Instances of Non-Compliance Identified?
162-010-0000	Preface	None Noted
162-010-0010	Definitions	None Noted
162-010-0020	Introduction	None Noted
162-010-0030	General Requirements	None Noted
162-010-0050	Financial Statements	None Noted
162-010-0115	Required Supplementary Information (RSI)	None Noted
162-010-0120	Other Supplementary Information	None Noted
162-010-0130	Schedule of Revenues, Expenditures / Expenses, and Changes in Fund Balances, / Net Position, Budget and Actual (Each Fund)	None Noted
162-010-0140	Schedule of Accountability for Independently Elected Officials	Not applicable
162-010-0150	Schedule of Property Tax Transactions or Acreage Assessments	None Noted
162-010-0160	Schedule of Bonded or Long-Term Debt Transactions	None Noted
162-010-0170	Schedule of Future Requirements for Retirement of Bonded or Long-Term Debt	None Noted
162-010-0190	Other Financial or Statistical Information	None Noted
162-010-0200	Required Disclosures and Independent Auditors Comments	None Noted
162-010-0230	Accounting Records and Internal Control	None Noted
162-010-0240	Public Fund Deposits	None Noted
162-010-0250	Indebtedness	None Noted
162-010-0260	Budget	None Noted
162-010-0270	Insurance and Fidelity Bonds	None Noted
162-010-0280	Programs Funded from Outside Sources	Yes
162-010-0295	Highway Funds	Not applicable
162-010-0300	Investments	None Noted
162-010-0310	Public Contracts and Purchasing	Yes
162-010-0315	State School Fund	Not applicable
162-010-0316	Public Charter Schools	Not applicable
162-010-0320	Other Comments and Disclosures	None Noted
162-010-0330	Extensions of Time to Deliver Audit Reports	Not applicable

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However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our test disclosed one instance of noncompliance that is required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State:

During our testing of contracts, we noted one instance where Metro did not comply with ORS 279C.345. Specifically, Under ORS 279C.345, the specifications for a public improvement may not either expressly or implicitly require any product by brand name or mark, or the product of a particular manufacturer or seller unless the product or class of products is exempted by the Metro Council. This instance of noncompliance has also been documented in Section III of the *Schedule of Findings and Questioned Costs*.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Metro's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Metro's internal control. Accordingly, we do not express an opinion on the effectiveness of Metro's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2013-001 that we consider to be a significant deficiency.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



For Moss Adams LLP  
Eugene, Oregon  
November 19, 2013

**REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Metro Council and Metro Auditor  
Portland, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Metro, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Metro's basic financial statements, and have issued our report thereon dated November 19, 2013. Our report includes a reference to other auditors who audited the financial statements of the Oregon Zoo Foundation, as described in our report on Metro's financial statements. The financial statements of the Oregon Zoo Foundation were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Oregon Zoo Foundation.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Metro's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Metro's internal control. Accordingly, we do not express an opinion on the effectiveness of Metro's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Metro's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Moss Adams, LLP*

Eugene, Oregon  
November 19, 2013

## **REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

Metro Council and Metro Auditor  
 Portland, Oregon

### **Report on Compliance for Each Major Federal Program**

We have audited Metro's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Metro's major federal programs for the year ended June 30, 2013. Metro's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Metro's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Metro's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Metro's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Metro complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2013-001. Our opinion on each major federal program is not modified with respect to these matters.

## MOSS-ADAMS<sub>LLP</sub>

Metro's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Metro's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### Report on Internal Control Over Compliance

Management of Metro is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Metro's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Metro's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2013-001, which we consider to be significant deficiency.

Metro's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Metro's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Moss Adams, LLP*

Eugene, Oregon  
November 19, 2013

**METRO**

**Schedule of Expenditures of Federal Awards  
For the fiscal year ended June 30, 2013**

<b>Grantor and Program Title</b>	<b>Federal CFDA Number</b>	<b>Grant Number</b>	<b>Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Natural Resources Conservation Service-			
Direct Programs:			
Wetlands Reserve Program-Gotter Prairie	10.072	66-0436-8-035	\$ (335)
Forest Service-			
Direct Programs:			
UNO Program	10.XXX	09-CS-11062200-010 Mod #4	12,000
Total U. S. Department of Agriculture			11,665
<b>U.S. DEPARTMENT OF DEFENSE</b>			
Department of the Army, Office of the Chief of Engineers			
Passed through Washington Department of Fish & Wildlife:			
Planning Assistance to States - Water Resources Development Act	12.110	WDFW # 06-1337, Amend #8	57,000
Total U.S. Department of Defense			57,000
<b>U.S. DEPARTMENT OF THE INTERIOR</b>			
Bureau of Land Management-			
Direct Program:			
Fish, Wildlife and Plant Conservation Resource Management;			
Federal Land Policy and Management Act (FLPMA)	15.231	L07AC20271 Task order-HAF079Q05	40,000
U.S. Geological Survey			
Direct Program:			
U.S. Geological Survey - Research and Data Collection			
Digital Ortho-Imagery Grant	15.808	G12AC20115	66,260
Fish and Wildlife Service-			
Passed through Oregon Department of Fish & Wildlife			
Sport Fish Restoration Program	15.605	ODFW # 155-12	843,883
Passed through Oregon Department of Parks and Recreation			
Cooperative Endangered Species Conservation Fund	15.615	E28TW3 OZ	63,255
Passed through Oregon State Marine Board:			
Clean Vessel Act	15.616	N/A	1,800
Clean Vessel Act	15.616	OSMB # 1463	5,000
Total Clean Vessel Act			6,800
Passed through Ducks Unlimited			
North American Wetlands Conservation Fund	15.623	US-OR-209-1	46,196
Passed through Washington Department of Fish & Wildlife:			
State Wildlife Grants	15.634	WDFW #08-1424 Amend #6	4,095
Total U. S. Department of the Interior			1,070,489

**METRO**
**Schedule of Expenditures of Federal Awards  
For the fiscal year ended June 30, 2013**

<b>Grantor and Program Title</b>	<b>Federal CFDA Number</b>	<b>Grant Number</b>	<b>Federal Expenditures</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
Federal Highway Administration-			
Highway Planning and Construction Cluster-			
Highway Planning and Construction-			
Passed through Oregon Department of Transportation:			
Chimney Pier Park pedestrian/bike bridge	20.205	ODOT # 26482	53,392
Westside Trail Master Plan	20.205	ODOT # 27275	33,940
2013 Planning Fund	20.205	ODOT # 28624	1,212,581
2011 Planning Fund Carryover funds	20.205	ODOT # 28624	420,483
2013 STP funds	20.205	ODOT # 28624	927,740
2011 STP Carryover funds	20.205	ODOT # 28624	230,055
Loaned Planner Assignment - D.Kaempff	20.205	ODOT # 28383	55,857
TGM Regional Active Transportation Action Plan	20.205	ODOT # 28260	133,195
RCTO - Multimodal Arterial Performance Mgmt	20.205	ODOT # 28088	13,306
Passed through Washington Department of Transportation:			
Columbia River Crossing III Project	20.205	GCA 6667	42,786
<b>Subtotal Highway Planning and Construction</b>			<b>3,123,335</b>
Recreational Trails Program			
Passed State of Oregon, Department of Parks and Recreation			
Bi-State Regional Trails Web Site and Map	20.219	RT10-012	(438)
<b>Total Highway Planning and Construction Cluster</b>			<b>3,122,897</b>
Federal Transit Administration-			
Metropolitan Transportation Planning Grants-			
Passed through Oregon Department of Transportation :			
2013 Technical Studies (Sec 5303)	20.505	ODOT # 28815	313,518
2012 Technical Studies (Sec 5303)	20.505	ODOT # 27559	166,500
<b>Subtotal Metropolitan Transportation Planning Grants</b>			<b>480,018</b>
Federal Transit - Formula Grants (Federal Transit Cluster)-			
Direct Programs:			
Congestion Mitigation & Air Quality Improvement Program (CMAQ)			
Regional Travel Options	20.507	OR-95-X010-03	356,515
Regional Travel Options	20.507	OR-95-X037	677,573
Surface Transportation Funds			
Regional Travel Options	20.507	OR-95-X051	194,139
<b>Subtotal Regional Travel Options Grants</b>			<b>1,228,227</b>
Capital Investment Grants			
Passed through Tri-County Metropolitan Transportation District of Oregon (TriMet)			
Milwaukie Light Rail Final Design	20.500	GH120250TL	26,458
<b>Total Federal Transit - Formula Grants (Federal Transit Cluster)-</b>			<b>1,254,685</b>
Alternative Analysis-			
Direct Programs:			
Streetcar/Eastside/LO-PDX (Sec 5339)	20.522	OR-39-0002	54,526
Southwest Corridor Plan (Sec 5339)	20.522	OR-39-0006	631,303
<b>Subtotal Alternatives Analysis Grants</b>			<b>685,829</b>
<b>Total U.S. Department of Transportation</b>			<b>5,543,429</b>

**METRO**

**Schedule of Expenditures of Federal Awards  
For the fiscal year ended June 30, 2013**

<b>Grantor and Program Title</b>	<b>Federal CFDA Number</b>	<b>Grant Number</b>	<b>Federal Expenditures</b>
<b>NATIONAL SCIENCE FOUNDATION</b>			
Passed through the New York Hall of Science Wild Minds	47.076	DRL-0840160	2,850
Total National Science Foundation			2,850
<b>U.S. Environmental Protection Agency</b>			
State Clean Diesel Grant Program-Recovery Act Passed through State of Oregon Department of Environmental Quality	66.040	DS-96077601	74,284
Total U.S. Environmental Protection Agency			74,284
<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>			
U.S. Centers for Disease Control and Prevention Passed through Oregon Health Authority Strengthening the Nation's Public Health System through a National Voluntary Accreditation Program for State, Tribal, Local and Territorial Health Departments Southwest Corridor Health Plan	93.507	140232	49,956
Total U.S. Department of Health & Human Services			49,956
Total Expenditures of Federal Awards			\$ 6,809,673

**METRO**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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**NOTE 1 - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes all federal grant activity of Metro, under programs of the federal government for the year ended June 30, 2013. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because this Schedule presents only a selected portion of the operations of Metro, it is not intended to and does not present the financial position, changes in net position or cash flows of Metro.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in note II.C to Metro's basic financial statements. Such expenditures are recognized following the cost principals contained in OMB Circular A-87, *Cost Principals for State, Local and Indian Tribal Governments*, wherein certain types of expenses are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**NOTE 3 - SUBRECIPIENTS**

Included within the federal expenditures presented on the Schedule are federal awards subrecipients as follows:

SUBRECIPIENT	FEDERAL CFDA #	GRANT #	TOTAL EXPENDITURES
Bicycle Transportation Alliance (BTA)	20.507	FTA OR95-X010 & X051	\$ 13,750
City of Forest Grove	20.507	FTA OR95-X010 & X051	45,000
City of Portland	20.507	FTA OR95-X010 & X051	10,618
City of Tigard	20.507	FTA OR95-X010 & X051	9,060
City of Wilsonville	20.507	FTA OR95-X010 & X051	44,387
Community Cycling Center	20.507	FTA OR95-X010 & X051	21,630
Gresham Area Chamber of Commerce	20.507	FTA OR95-X010 & X051	39,468
Lloyd District TMA	20.507	FTA OR95-X010 & X051	46,852
Lloyd District TMA	20.507	FTA OR95-X010 & X051	13,830
OPAL Environmental Justice Oregon	20.507	FTA OR95-X010 & X051	63,000
South Waterfront Community Relations	20.507	FTA OR95-X010 & X051	50,133
Swan Island Business Association	20.507	FTA OR95-X010 & X051	53,700
Tri Met	20.507	FTA OR95-X010 & X051	10,000
Tri-Met	20.522	FTA OR-39-0006	22,396
Tualatin Hills Parks & Recreation Dist	20.507	FTA OR95-X010 & X051	48,210
Westside Transportation Alliance Inc	20.507	FTA OR95-X010 & X051	53,501
Total Subrecipient Federal Expenditures			<u>\$ 545,535</u>

**METRO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

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**Section I - Summary of Auditor's Results**

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*Financial Statements*

Type of auditor's report issued:

*Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported
- Noncompliance material to financial statements noted? ☐ Yes ☒ No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☒ Yes ☐ None reported

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

☒ Yes ☐ No

**Identification of Major Programs**

<i>CFDA Numbers</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor's Report Issued</i>
15.605	Sport Fish Restoration Program	<i>Unmodified</i>
20.500 20.507	Federal Transit Cluster Federal Transit – Capital Investment Grants Federal Transit – Formula Grants	<i>Unmodified</i>

Dollar threshold used to distinguish between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

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**Section II - Financial Statement Findings**

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None reported

**METRO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

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**Section III - Federal Award Findings and Questioned Costs**

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**FINDING 2013-001 – Procurement, Suspension and Debarment - Significant Deficiency in Internal Control and Instances of Noncompliance**

<i>CFDA Number</i>	<i>Federal Agency/Pass-through Entity - Program Name</i>	<i>Award Number</i>	<i>Award year</i>
15.605	U.S. Department of the Interior, Fish and Wildlife Service; Passed through Oregon Department of Fish & Wildlife - Sport Fish Restoration Program	ODFW # 155-12	2012-13

***Criteria:***

Title 2 §215.43 - Competition. All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. The recipient shall be alert to organizational conflicts of interest as well as noncompetitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, invitations for bids and/or requests for proposals shall be excluded from competing for such procurements. Awards shall be made to the bidder or offeror whose bid or offer is responsive to the solicitation and is most advantageous to the recipient, price, quality and other factors considered. Solicitations shall clearly set forth all requirements that the bidder or offeror shall fulfill in order for the bid or offer to be evaluated by the recipient. Any and all bids or offers may be rejected when it is in the recipient's interest to do so.

Additionally, per Title 2 CFR, Part 215.48 (e) All contracts, including small purchases, awarded by recipients and their contractors shall contain the procurement provisions of Appendix A to this part, as applicable. Part 8 of Appendix A establishes that certain contract awards shall not be made to parties listed on the government-wide Excluded Parties List System.

When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity and its principals are not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA) (available at <https://www.sam.gov/portal/public/SAM/>), (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity.

Metro's policies included in Chapter 2.04 – *Metro Contract Policies*. Specifically, Chapter 2.04.062 – *Sole Source Procurements*, which states:

“A contract for good or services may be awarded without competition when the Metro Council, pursuant to ORS 279A.060 as a local Contract Review Board determines in writing by resolution and in accordance with the provision of ORS 279B.075 that the good or services or classes of goods or service are available from only one source.”

**METRO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

***Condition:***

During our testing of procurement, suspension and debarment, we noted one contract tested in which Metro did not comply with the Criteria discussed above. Specifically, it was noted that the Request for Bid specifically identified the winning bidder's related party's product as the required product for the project. This specific identification limited other vendors from being able to bid and provided an unfair competitive advantage to winning bidder. Additionally, it was noted that other vendors requested substitution consideration. However, there was no evidence that any consideration of these other alternatives was made and no documentation to support the basis for the contractor selected. Further, it was noted that the winning bidder's contract did not include the required federal clauses and certifications and there was no evidence of verification that the vendor was not suspended or debarred.

***Questioned Costs:***

None to be reported.

***Context:***

Our finding above related to one contract tested from a total of three contracts subject to the requirements for this program, in which Metro did not comply with the Criteria discussed above for one of the tested contracts. The Request for Bid specifically identified a product that resulted in limiting the competitive bids.

***Effect:***

Federal funds are being expended under procurement contracts that are missing required certifications and evidence of Metro following required procurement procedures. If policies are not followed, Metro may not be receiving the most advantageous product at the best price. Additionally, without certifications – a contractor may be in direct violation of a federal compliance requirement and ineligible for contracting under federal laws.

***Cause:***

The cause appears to be due to insufficient controls to ensure that Metro's policies, including that the Contract Review Board determines in writing by resolution and in accordance with the provision of ORS 279B.075 that a good or service or class of goods or service are available from only one source, are being adhered to. Additionally, the evaluation process was only evaluated at the department level thereby circumventing provisions of Metro's contracting policies.

***Recommendation:***

Moss Adams recommends that Metro enforce their procurement policies and procedures and monitor compliance.

***Views of responsible officials and planned corrective actions:***

Management acknowledges that this case did not follow Metro's policies. Prior to this finding being revealed Procurement had undertaken a project in which to further clarify and strengthen our policies and procedures, with a projected completion date of May of 2014. We believe that the clarifications and strengthening of our procedures will ensure that this type of event does not happen in the future.

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# **MERC Commission Meeting**

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February 5, 2014  
12:30 pm

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5.0 Diversity Action Plan  
Update

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# MAKING A GREAT PLACE TOGETHER

## Diversity Action Plan

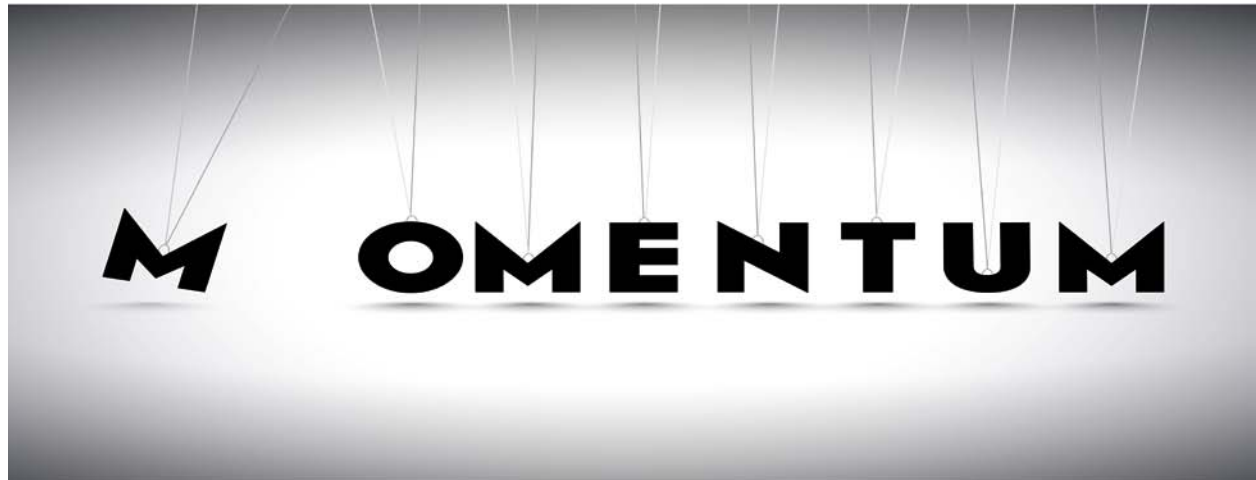
November 2012



Metro | *Making a great place*

# Diversity Action Plan History

- 2005 1<sup>st</sup> Diversity Action Team
- 2012 Diversity Program Manager hired
- 2012 Diversity Action Plan adopted
- 2013 Diversity Core Teams formed



# Accomplishments



# 2012 employee survey

**Our organization is taking sufficient action to address and manage diversity**

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
FY 10-11	5.3%	30.7%	28.6%	21.4%	6.0%
FY 12-13	12.4%	37.5%	27.8%	12.6%	5.2%

From FY 12-13 Balanced Scorecard  
Report

# 2012 employee survey

**All employees regardless of their differences are respected and valued for their contribution to our organization**

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
FY 10-11	10.7%	39.6%	21.8%	18.0%	5.8%
FY 12-13	12.7%	36.3%	21.2%	18.1%	8.8%

From FY 12-13 Balanced Scorecard  
Report

# The road ahead...

- SLT diversity training
- 2013 Cultural Compass results
- OUCH! diversity training follow up
- Accessibility
- Inclusion and Engagement



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# **MERC Commission Meeting**

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February 5, 2014  
12:30 pm

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7.0 Financial Report

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# DECEMBER 2013

## FINANCIAL INFORMATION

*For Management Purposes only*



Date: February 5, 2014

To: Commissioner Judie Hammerstad, Chair  
 Commissioner Terry Goldman, Vice Chair  
 Commissioner Cynthia Haruyama, Secretary / Treasurer  
 Commissioner Elisa Dozono  
 Commissioner Chris Erickson  
 Commissioner Ray Leary  
 Commissioner Karis Stoudamire-Phillips

From: Ben Rowe – MERC Budget/Finance Manager

Re: MERC Financial Information December 2013

### MERC Venues Events & Attendance

Total MERC Venue events and performances Fiscal Year (FY) 2014 year to date (YTD) are down 11% (75) over the same period of FY 2013 and 6% above a two-year (FY 12-13) historical average. Total MERC Venue YTD event attendance is down 6% (44,137) over the same period but 8% above the two year historical average. The total number of MERC events and attendance in December are up 2% and 5% year over year respectively.

	2013		2014		Change from Prior Year	
Total MERC Venues	Events	Attendance	Events	Attendance	Events	Attendance
Year to Date	776	761,497	701	717,360	(75) (11%)	(44,137) (6%)
Second Quarter	493	497,360	476	527,364	(17) (3%)	30,004, 6%
December	140	167,603	143	175,277	3, 2%	7,674, 5%

### MERC Venues Revenues & Expense

Total MERC Venue revenues year to date (YTD) are 7% below budget projections commensurate with attendance numbers. MERC revenues are 7% above a three year historical average and 3% higher than the same period last year. Total MERC Venue expenses are 5% below YTD budget projections but 3% over the three year historical average. Total YTD expenses are 3% over the same period last year. YTD net operations is almost 40% lower than three year historical average. Food and beverage margins are 3% or \$28,442 below YTD budget projections.

### Historical Actual Comparison FY 2011-2013 to FY 2014

	Fiscal Year:	2011	2012	2013	2014	2011-13	% Diff.	% Diff.
Revenues		YTD	YTD	YTD	YTD	Average	Average	2013
Food & Beverage		6,254,251	7,205,345	6,922,501	6,882,705	6,794,032	1%	-1%
Charges for Services		8,035,699	8,566,858	8,961,614	8,504,938	8,521,391	0%	-5%
Other		4,062,618	4,270,731	4,302,916	5,461,380	4,212,088	30%	27%
<b>Total Revenue</b>		<b>18,352,568</b>	<b>20,042,934</b>	<b>20,187,031</b>	<b>20,849,023</b>	<b>19,527,511</b>	<b>7%</b>	<b>3%</b>
<b>Expenses</b>								
Food & Beverage		5,143,377	5,872,457	5,788,920	5,971,136	5,601,585	7%	3%
Personnel Services		8,647,240	8,603,306	8,238,654	8,168,190	8,496,400	-4%	-1%
Materials & Services		4,475,345	4,807,361	5,081,093	5,085,858	4,787,933	6%	0%
Other		2,245,038	2,617,119	2,755,178	2,794,552	2,539,112	10%	1%
<b>Total Expenses</b>		<b>20,510,999</b>	<b>21,900,243</b>	<b>21,863,846</b>	<b>22,019,737</b>	<b>21,425,029</b>	<b>3%</b>	<b>1%</b>
<b>Net Operations</b>		<b>(2,158,431)</b>	<b>(1,857,310)</b>	<b>(1,676,815)</b>	<b>(1,170,714)</b>	<b>(1,897,518)</b>	<b>-38%</b>	<b>-30%</b>
<b>Food &amp; Beverage Margins</b>		<b>18%</b>	<b>18%</b>	<b>16%</b>	<b>13%</b>	<b>18%</b>	<b>-4%</b>	<b>-3%</b>

## Oregon Convention Center

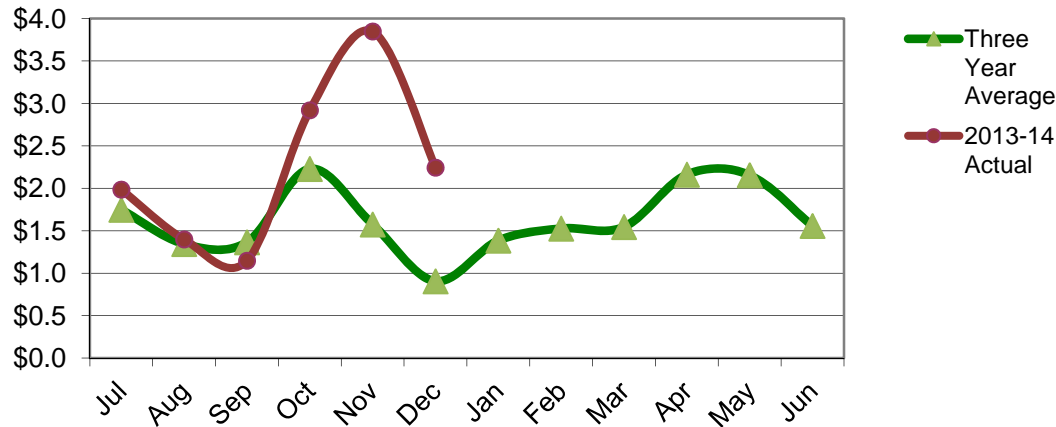
Convention Center events are up 11% over December 2012. Attendance is also over the previous year. OCC received a healthier than average quarterly allocation of Transient Lodging Tax (TLT) Revenue in the month of November. This spike in TLT revenue brings the venue more in line with budget projections. Convention Center revenues are still 4% below YTD budget projections but 6% above the same period last year. Expenses are 7% below YTD budget projections and only 2% above the previous year at the same point.

## Highest Grossing Events

Event	Gross Revenue	% of October Revenue
Festival of Trees	\$191,996	16%
Marquis and Consonus Employee Holiday Party	139,591	12%
Maxim Integrated Employee Holiday Party	111,436	9%
Portland Neighborhood LIFT	87,937	7%
All other Events	670,281	56%
<b>Total</b>	<b>\$1,201,240</b>	<b>100%</b>

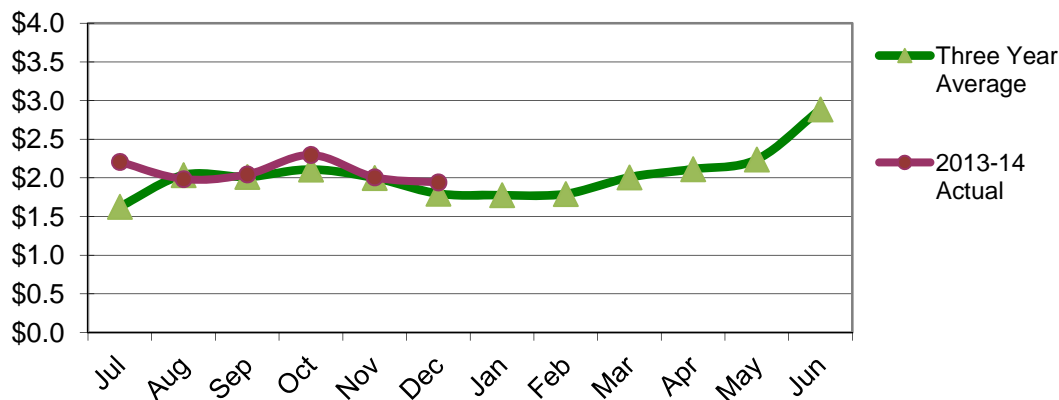
## OCC Program Revenues by Month

Shown in Millions



## OCC Program Expense by Month

Shown in Millions



## Portland Expo Center

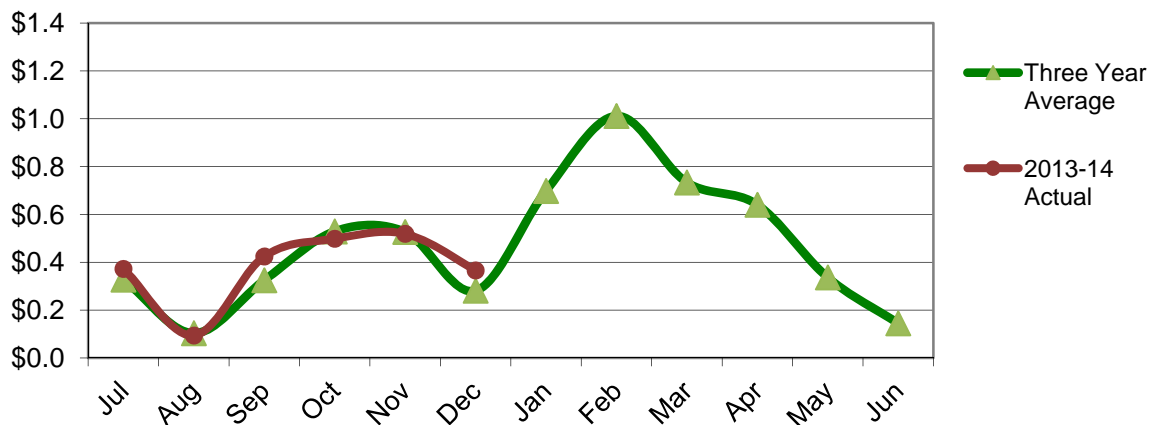
Expo events in December 2013 were only 1 less than the previous year and attendance was 9,782 or 21% less than the previous year. Expo revenues are 11% below YTD budget projections and 2% above the same period last year. Expenses are 8% below budget projections and only 1% higher compared to the previous year at the same point. Expo makes its annual debt service payment (\$1.2 million) for Hall D in November as shown in the graph below.

## Highest Grossing Events

Event	Gross Revenue	% of October Revenue
America's Largest Christmas Bazaar	\$251,295	69%
Collectors West Gun & Knife Show	60,214	17%
All Things Cheer	27,098	7%
Rusty Barn Promotion Group	2,436	1%
All other Events	21,182	6%
<b>Total</b>	<b>\$362,225</b>	<b>100%</b>

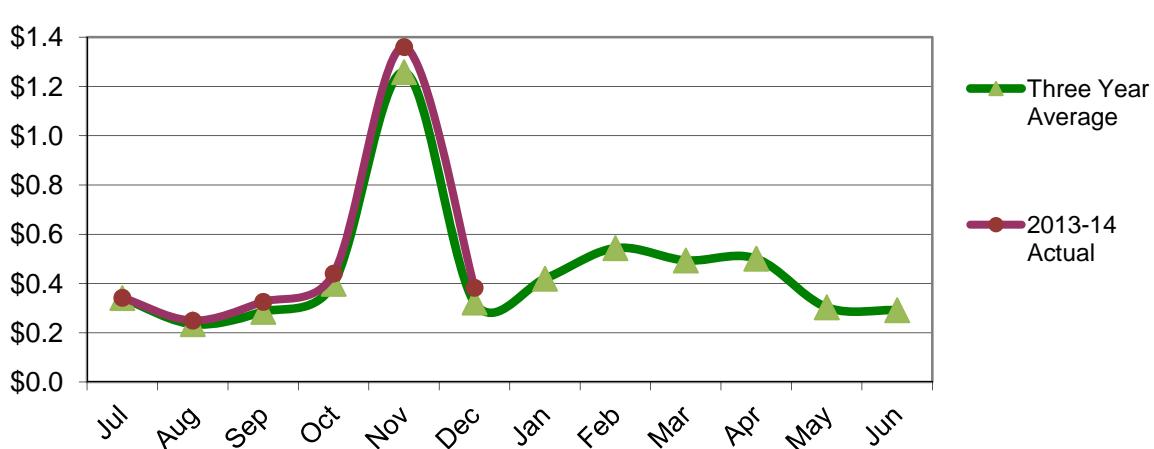
## Expo Program Revenue by Month

Shown in Millions



## Expo Program Expense by Month

Shown in Millions



### Portland's Centers for the Arts

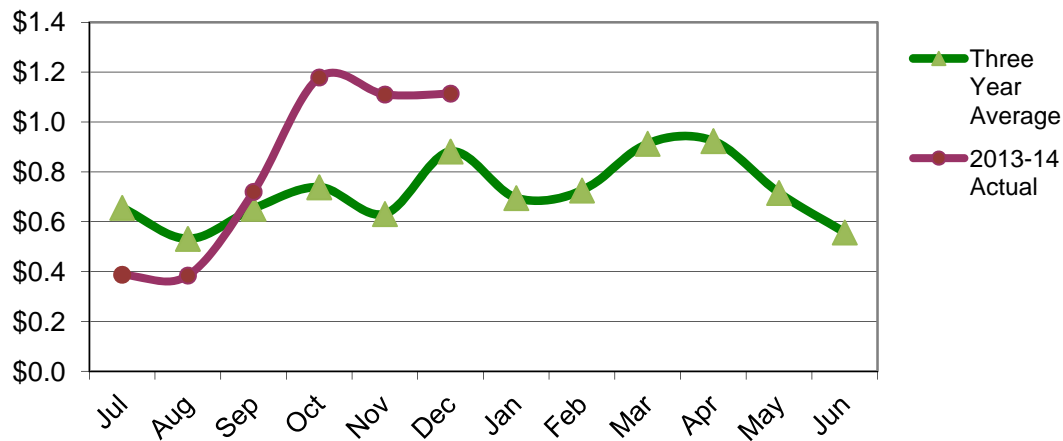
The number of events in December was the same as the previous year and attendance is up 20% or 17,282 over December 2012. Portland 5 YTD revenues are 6% below budget projections and only 3% below the same period last year. Expenses are 1% below budget projections and only 1% above the previous year at the same point.

### Highest Grossing Events

Event	Gross Revenue	% of October Revenue
The Nutcracker	\$206,413	19%
Singing Christmas Tree 2013	162,363	15%
Beauty and the Beast	61,454	6%
Black Crowes	45,747	4%
All other Events	615,062	56%
<b>Total</b>	<b>\$1,091,039</b>	<b>100%</b>

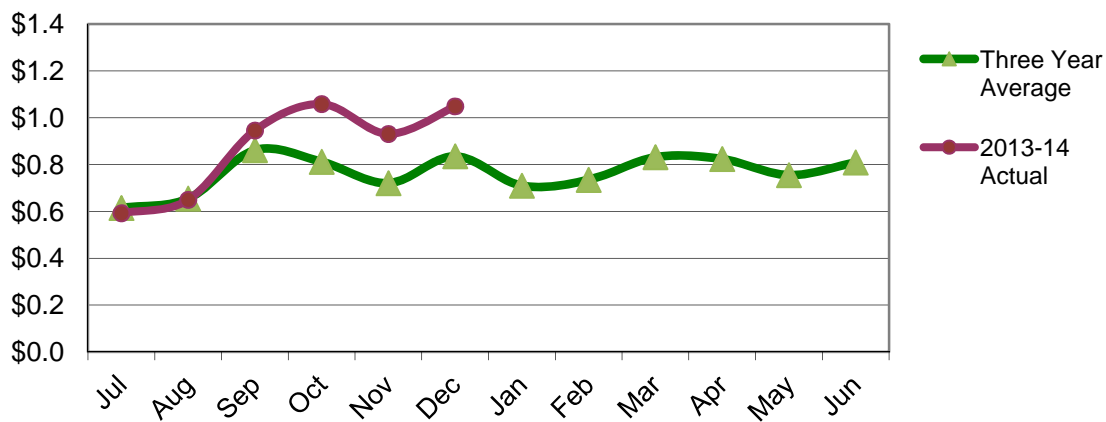
### P5CA Program Revenue by Month

Shown in Millions



### P5CA Program Expense by Month

Shown in Millions



# MERC Statement of Activity with Annual Budget

## Metropolitan Exposition-Recreation Commission

### All Departments

December 2013

	Current Month Actual	Current Year to Date Actual	Prior Year to Date Actual	% of Prior Year	Annual Budget	% of Annual Budget
<b><u>Operations</u></b>						
Charges for Services	1,509,106	8,504,938	8,961,614	94.90%	18,770,762	45.31%
Contributions from Governments	-	-	-	0.00%	816,020	0.00%
Enhanced Marketing VDF	-	-	-	0.00%	455,268	0.00%
Food and Beverage Revenue	1,102,873	6,882,705	6,922,501	99.43%	12,079,725	56.98%
Interest Earnings	10,205	61,430	39,688	154.78%	76,142	80.68%
Interfund Loans	-	-	-	0.00%	2,200,000	0.00%
Lodging Tax	680,526	4,946,295	4,191,273	118.01%	10,280,593	48.11%
Miscellaneous Revenue	3,230	35,022	46,953	74.59%	81,805	42.81%
Transfers-R	418,633	418,633	25,002	1674.40%	418,633	100.00%
Visitor Development Fund Alloc	-	-	-	0.00%	2,965,634	0.00%
Total Revenues	3,724,573	20,849,023	20,187,031	103.28%	48,144,582	43.31%
Capital Outlay	-	-	60	0.00%	218,274	0.00%
Food & Beverage Services	967,572	5,971,136	5,788,920	103.15%	10,199,704	58.54%
Materials and Services	739,665	5,085,858	5,081,093	100.09%	14,021,980	36.27%
Personnel Services	1,494,350	8,168,190	8,238,654	99.14%	17,741,183	46.04%
Transfers-E	240,495	2,794,552	2,755,118	101.43%	5,131,804	54.46%
Visitor Development Marketing	-	-	-	0.00%	1,330,719	0.00%
Total Expenditures	3,442,082	22,019,737	21,863,846	100.71%	48,643,664	45.27%
Net Operations	282,491	(1,170,714)	(1,676,815)		(499,082)	
<b><u>Capital</u></b>						
Contributions from Private Sources	-	-	-	0.00%	75,000	0.00%
Grants	-	-	-	0.00%	494,003	0.00%
Transfers-R	-	-	-	0.00%	-	0.00%
Total Revenues	-	-	-	0.00%	569,003	0.00%
Capital Outlay	190,333	1,763,442	644,577	273.58%	5,109,343	34.51%
Total Expenditures	190,333	1,763,442	644,577	273.58%	5,109,343	34.51%
Net Capital	(190,333)	(1,763,442)	(644,577)		(4,540,340)	
	92,158	(2,934,155)	(2,321,391)		(5,039,422)	

# MERC Statement of Activity with Annual Budget

Metropolitan Exposition-Recreation Commission

MERC Admin Sub Fund

December 2013

	Current Month Actual	Current Year to Date Actual	Prior Year to Date Actual	% of Prior Year	Annual Budget	% of Annual Budget
<b>Operations</b>						
Charges for Services	-	25	-	0.00%	-	0.00%
Interest Earnings	184	2,326	3,059	76.06%	3,750	62.04%
Miscellaneous Revenue	-	155	-	0.00%	-	0.00%
Transfers-R	-	-	-	0.00%	1,142,543	0.00%
Total Revenues	184	2,506	3,059	81.94%	1,146,293	0.22%
Materials and Services	3,858	130,395	114,420	113.96%	542,881	24.02%
Personnel Services	64,474	359,357	562,816	63.85%	787,374	45.64%
Total Expenditures	68,333	489,752	677,236	72.32%	1,330,255	36.82%
Net Operations	(68,149)	(487,246)	(674,177)		(183,962)	
<b>Capital</b>						
Transfers-R	-	-	-	0.00%	(780,000)	0.00%
Total Revenues	-	-	-	0.00%	(780,000)	0.00%
Capital Outlay	-	-	-	0.00%	292,800	0.00%
Total Expenditures	-	-	-	0.00%	292,800	0.00%
Net Capital	-	-	-		(1,072,800)	
Fund Balance Inc (Dec)	(68,149)	(487,246)	(674,177)		(1,256,762)	

# MERC Statement of Activity with Annual Budget

Metropolitan Exposition-Recreation Commission

Convention Center Operating Fund

December 2013

	Current Month Actual	Current Year to Date Actual	Prior Year to Date Actual	% of Prior Year	Annual Budget	% of Annual Budget
<b><u>Operations</u></b>						
Charges for Services	485,049	3,414,995	3,916,723	87.19%	7,749,264	44.07%
Enhanced Marketing VDF	-	-	-	0.00%	455,268	0.00%
Food and Beverage Revenue	718,395	5,222,439	5,228,362	99.89%	8,300,000	62.92%
Interest Earnings	5,216	23,853	12,572	189.73%	23,890	99.84%
Interfund Loans	-	-	-	0.00%	2,200,000	0.00%
Lodging Tax	617,101	4,485,305	3,653,941	122.75%	8,978,088	49.96%
Miscellaneous Revenue	(311)	7,107	8,358	85.03%	11,000	64.61%
Transfers-R	418,633	418,633	14,004	2989.38%	(223,432)	-187.36%
Visitor Development Fund Alloc	-	-	-	0.00%	2,315,251	0.00%
Total Revenues	2,244,084	13,572,332	12,833,960	105.75%	29,809,329	45.53%
Capital Outlay	-	-	60	0.00%	193,274	0.00%
Food & Beverage Services	652,897	4,459,506	4,278,397	104.23%	7,050,225	63.25%
Materials and Services	432,783	3,139,463	3,092,414	101.52%	9,351,393	33.57%
Personnel Services	715,838	4,261,152	4,238,034	100.55%	9,674,777	44.04%
Transfers-E	140,879	1,055,121	1,049,801	100.51%	2,470,795	42.70%
Visitor Development Marketing	-	-	-	0.00%	1,330,719	0.00%
Total Expenditures	1,942,397	12,915,243	12,658,705	102.03%	30,071,183	42.95%
Net Operations	301,686	657,089	175,255		(261,854)	
<b><u>Capital</u></b>						
Grants	-	-	-	0.00%	60,000	0.00%
Transfers-R	-	-	-	0.00%	615,000	0.00%
Total Revenues	-	-	-	0.00%	675,000	0.00%
Capital Outlay	144,196	1,109,909	154,573	718.05%	2,731,540	40.63%
Total Expenditures	144,196	1,109,909	154,573	718.05%	2,731,540	40.63%
Net Capital	(144,196)	(1,109,909)	(154,573)		(2,056,540)	
Fund Balance Inc (Dec)	157,490	(452,820)	20,682		(2,318,394)	

# MERC Statement of Activity with Annual Budget

Metropolitan Exposition-Recreation Commission

Portland's Centers for the Arts Fund

December 2013

	Current Month Actual	Current Year to Date Actual	Prior Year to Date Actual	% of Prior Year	Annual Budget	% of Annual Budget
<b>Operations</b>						
Charges for Services	757,273	3,449,943	3,459,932	99.71%	6,969,394	49.50%
Contributions from Governments	-	-	-	0.00%	816,020	0.00%
Food and Beverage Revenue	287,586	1,031,278	1,063,162	97.00%	1,911,562	53.95%
Interest Earnings	3,726	26,488	18,011	147.06%	39,420	67.19%
Lodging Tax	63,424	460,991	537,332	85.79%	1,302,505	35.39%
Miscellaneous Revenue	2,208	21,021	31,095	67.60%	50,260	41.82%
Transfers-R	-	-	8,748	0.00%	(388,603)	0.00%
Visitor Development Fund Alloc	-	-	-	0.00%	650,383	0.00%
Total Revenues	1,114,217	4,989,720	5,118,282	97.49%	11,350,941	43.96%
Food & Beverage Services	199,451	861,714	870,794	98.96%	1,647,214	52.31%
Materials and Services	204,730	1,258,310	1,297,113	97.01%	2,821,985	44.59%
Personnel Services	567,272	2,783,694	2,691,566	103.42%	5,623,884	49.50%
Transfers-E	77,365	610,780	600,276	101.75%	1,145,036	53.34%
Total Expenditures	1,048,818	5,514,498	5,459,750	101.00%	11,238,119	49.07%
Net Operations	65,399	(524,778)	(341,468)		112,822	
<b>Capital</b>						
Contributions from Private Sources	-	-	-	0.00%	75,000	0.00%
Total Revenues	-	-	-	0.00%	75,000	0.00%
Capital Outlay	41,194	277,840	127,446	218.01%	916,000	30.33%
Total Expenditures	41,194	277,840	127,446	218.01%	916,000	30.33%
Net Capital	(41,194)	(277,840)	(127,446)		(841,000)	
Fund Balance Inc (Dec)	24,205	(802,618)	(468,914)		(728,178)	

# MERC Statement of Activity with Annual Budget

Metropolitan Exposition-Recreation Commission

Expo Fund

December 2013

	Current Month Actual	Current Year to Date Actual	Prior Year to Date Actual	% of Prior Year	Annual Budget	% of Annual Budget
<b><u>Operations</u></b>						
Charges for Services	266,783	1,639,975	1,584,959	103.47%	4,052,104	40.47%
Food and Beverage Revenue	96,892	628,988	630,977	99.68%	1,868,163	33.67%
Interest Earnings	1,080	8,763	6,046	144.95%	9,082	96.49%
Miscellaneous Revenue	1,334	6,738	7,499	89.85%	20,545	32.80%
Transfers-R	-	-	2,250	0.00%	(111,875)	0.00%
Total Revenues	366,088	2,284,464	2,231,731	102.36%	5,838,019	39.13%
Capital Outlay	-	-	-	0.00%	25,000	0.00%
Food & Beverage Services	115,224	649,916	639,729	101.59%	1,502,265	43.26%
Materials and Services	98,294	557,690	577,146	96.63%	1,305,721	42.71%
Personnel Services	146,765	763,987	746,238	102.38%	1,655,148	46.16%
Transfers-E	22,251	1,128,651	1,105,041	102.14%	1,515,973	74.45%
Total Expenditures	382,534	3,100,244	3,068,155	101.05%	6,004,107	51.64%
Net Operations	(16,446)	(815,779)	(836,424)		(166,088)	
<b><u>Capital</u></b>						
Grants	-	-	-	0.00%	434,003	0.00%
Transfers-R	-	-	-	0.00%	165,000	0.00%
Total Revenues	-	-	-	0.00%	599,003	0.00%
Capital Outlay	4,943	375,693	362,558	103.62%	1,169,003	32.14%
Total Expenditures	4,943	375,693	362,558	103.62%	1,169,003	32.14%
Net Capital	(4,943)	(375,693)	(362,558)		(570,000)	
Fund Balance Inc (Dec)	(21,389)	(1,191,472)	(1,198,982)		(736,088)	

## MERC Food and Beverage Margins

December 2014

	Current Month Actual	Current Year to Date	Prior Year to Date Actual	Annual Budget
<b>Convention Center Operating Fund</b>				
Food and Beverage Revenue	718,395	5,222,439	5,228,362	8,300,000
Food & Beverage Services	652,897	4,459,506	4,278,397	7,050,225
Food and Beverage Gross Margin	65,498	762,933	949,965	1,249,775
Food and Beverage Gross Margin %	9.12%	14.61%	18.17%	15.06%
<b>Portland'5 Centers for the Arts Fund</b>				
Food and Beverage Revenue	287,586	1,031,278	1,063,162	1,911,562
Food & Beverage Services	199,451	861,714	870,794	1,647,214
Food and Beverage Gross Margin	88,134	169,564	192,368	264,348
Food and Beverage Gross Margin %	30.65%	16.44%	18.09%	13.83%
<b>Expo Fund</b>				
Food and Beverage Revenue	96,892	628,988	630,977	1,868,163
Food & Beverage Services	115,224	649,916	639,729	1,502,265
Food and Beverage Gross Margin	(18,332)	(20,928)	(8,752)	365,898
Food and Beverage Gross Margin %	-18.92%	-3.33%	-1.39%	19.59%

**MERC Visitor Venues**  
**Events-Performances-Attendance**  
**FY 2013-14**

	December 2012		December 2013		Net Change from Prior Year	
<b>OCC</b>	<b>Events</b>	<b>Attendance</b>	<b>Events</b>	<b>Attendance</b>	<b>Events</b>	<b>Attendance</b>
Tradeshows/Conventions	5	5,977	4	3,275	(1)	(2,702)
Consumer Public Shows	4	25,486	3	24,766	(1)	(720)
Miscellaneous					-	-
Miscellaneous -In-House	11	220	11	303	-	83
Meetings	7	1,806	9	3,016	2	1,210
Catering	9	4,161	13	6,464	4	2,303
<b>Totals</b>	<b>36</b>	<b>37,650</b>	<b>40</b>	<b>37,824</b>	<b>4</b>	<b>174</b>

	December 2012		December 2013		Net Change from Prior Year	
<b>Expo Center</b>	<b>Events</b>	<b>Attendance</b>	<b>Events</b>	<b>Attendance</b>	<b>Events</b>	<b>Attendance</b>
Consumer Public Shows	3	39,949	2	33,224	(1)	(6,725)
<i>Cirque Du Soleil</i>	-	-	-	-	-	-
Miscellaneous	2	2,057	2	2,149	-	92
Meetings	1	25	2	46	1	21
Catering	-	-	-	-	-	-
Tradeshows/Conventions	1	3,170	-	-	(1)	(3,170)
<b>Totals</b>	<b>7</b>	<b>45,201</b>	<b>6</b>	<b>35,419</b>	<b>(1)</b>	<b>(9,782)</b>
<b>Totals w/Cirque du Soleil</b>	<b>7</b>	<b>45,201</b>	<b>6</b>	<b>35,419</b>	<b>(1)</b>	<b>(9,782)</b>

	December 2012		December 2013		Net Change from Prior Year	
<b>PCPA</b>	<b>Performances</b>	<b>Attendance</b>	<b>Performances</b>	<b>Attendance</b>	<b>Performances</b>	<b>Attendance</b>
Commercial (Non-Broadway)	23	8,236	18	13,964	(5)	5,728
Broadway	-	-	-	-	-	-
Resident Company	39	59,027	30	59,484	(9)	457
Student	6	944	-	-	(6)	(944)
Non-Profit	28	16,361	48	28,484	20	12,123
Miscellaneous	1	184	1	102	-	(82)
<b>Totals</b>	<b>97</b>	<b>84,752</b>	<b>97</b>	<b>102,034</b>	<b>-</b>	<b>17,282</b>

**MERC Visitor Venues**  
**Events-Performances-Attendance**  
**FY 2013-14**

	2nd quarter 12-13		2nd quarter 13-14		Net Change from Prior Year	
<b>OCC</b>	Events	Attendance	Events	Attendance	Events	Attendance
Tradeshows/Conventions	31	60,403	28	35,664	(3)	(24,739)
Consumer Public Shows	30	71,947	23	88,532	(7)	16,585
Miscellaneous	-	-	-	-	-	-
Miscellaneous -In-House	58	1,266	47	990	(11)	(276)
Meetings	59	24,301	53	22,033	(6)	(2,268)
Catering	30	18,130	32	18,660	2	530
<b>Totals</b>	<b>208</b>	<b>176,047</b>	<b>183</b>	<b>165,879</b>	<b>(25)</b>	<b>(10,168)</b>

	2nd quarter 12-13		2nd quarter 13-14		Net Change from Prior Year	
<b>Expo Center</b>	Events	Attendance	Events	Attendance	Events	Attendance
Consumer Public Shows	14	104,707	13	97,558	(1)	(7,149)
<i>Cirque Du Soleil</i>	-	-	-	-	-	-
Miscellaneous	6	4,243	6	7,283	-	3,040
Meetings	3	80	3	72	-	(8)
Catering	-	-	-	-	-	-
Tradeshows/Conventions	4	5,825	3	4,238	(1)	(1,587)
<b>Totals</b>	<b>27</b>	<b>114,855</b>	<b>25</b>	<b>109,151</b>	<b>(2)</b>	<b>(5,704)</b>
<b>Totals w/Cirque du Soleil</b>	<b>27</b>	<b>114,855</b>	<b>25</b>	<b>109,151</b>	<b>(2)</b>	<b>(5,704)</b>

	2nd quarter 12-13		2nd quarter 13-14		Net Change from Prior Year	
<b>PCPA</b>	Performances	Attendance	Performances	Attendance	Performances	Attendance
Commercial (Non-Broadway)	45	34,725	42	46,118	(3)	11,393
Broadway	-	-	15	26,434	15	26,434
Resident Company	102	114,723	75	110,335	(27)	(4,388)
Student	28	14,443	23	15,144	(5)	701
Non-Profit	78	42,068	107	53,682	29	11,614
Miscellaneous	5	499	6	621	1	122
<b>Totals</b>	<b>258</b>	<b>206,458</b>	<b>268</b>	<b>252,334</b>	<b>10</b>	<b>45,876</b>

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# **MERC Commission Meeting**

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February 5, 2014  
12:30 pm

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9.0 Consent Agenda

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**Metropolitan Exposition Recreation Commission  
Record of MERC Commission Actions**

January 8, 2014  
Portland's Centers for the Arts, Brunish Theater

<b>Present:</b>	Judie Hammerstad (Chair), Ray Leary, Elisa Dozono, Cynthia Haruyama, Terry Goldman, Karis Stoudamire-Phillips, Chris Erickson, Council Liaison Sam Chase
<b>Absent:</b>	None
	A regular meeting of the Metropolitan Exposition Recreation Commission was called to order by chair Judie Hammerstad at the Portland's Centers for the Arts, Brunish Theater at 12:35 pm.
<b>1.0</b>	<b>QUORUM CONFIRMED</b> A quorum of Commissioners was present.
<b>2.0</b>	<b>OPPORTUNITY FOR PUBLIC COMMENT ON NON-AGENDA ITEMS</b> <ul style="list-style-type: none"> <li>Jeff Miller of Travel Portland offered thanks to Commissioner Leary and his wife, Angela, for their participation at the dinner for the National Forum of Black Public Administrators.</li> </ul>
<b>3.0</b>	<b>COMMISSIONER COUNCIL LIAISON COMMUNICATIONS</b> <ul style="list-style-type: none"> <li>Councilor Chase noted that the Metro Council has been tracking the Convention Center hotel activities closely, especially the legal issues around the referral.</li> </ul>
<b>4.0</b>	<b>GENERAL MANAGER COMMUNICATIONS</b> <ul style="list-style-type: none"> <li>Teri Dresler presented updates on the Convention Center Hotel project, giving background on the hotel opponents' request to refer the change to the County's Code Amendments to county voters. The referral request will be heard by a judge on Jan. 27. In the meantime, opponents have been allowed to collect signatures for the referral.</li> <li>Negotiations on the Development Agreement are moving forward.</li> <li>The Room Block Agreement is being reviewed. Those negotiations are expected to move forward rapidly. <ul style="list-style-type: none"> <li>Chair Hammerstad inquired when the election will be held if the referral goes through.</li> <li>Dresler replied that the date has not been set at this point.</li> <li>Commissioner Leary asked how many signatures are needed to refer the project to a vote.</li> <li>Dresler stated approximately 11,000 signatures are necessary for a referral.</li> </ul> </li> <li>Dresler presented the FY 11-12 Venue Annual Reports to the Commission. FY 12-13 Reports will be prepared in February.</li> <li>Dresler invited the Commission to attend the upcoming Martin Luther King, Jr., Breakfast on January 20.</li> <li>Chair Hammerstad requested that, although the Venue reports are in the packet, the Venue Directors provide highlights of their most recent activities. In response, Scott Cruickshank, Robyn Williams and Matthew P. Rotchford provided a summary of events at each of their venues.</li> </ul>
<b>5.0</b>	<b>FINANCIAL REPORT</b> <ul style="list-style-type: none"> <li>MERC Finance Manager, Ben Rowe, presented the report for the period ending November 2013.</li> </ul>
<b>6.0</b>	<b>PROCUREMENT MWESB/FOTA UPDATE</b> <ul style="list-style-type: none"> <li>Metro Procurement Manager, Gabrielle Schuster, presented the update to the Commission. <ul style="list-style-type: none"> <li>Commissioner Leary inquired whether any new or non- traditional channels for outreach have been identified in order to broaden distribution.</li> <li>Schuster replied that there are new organizations that will be incorporated in their outreach however, since she realizes that attending meetings doesn't necessarily encourage new contacts,</li> </ul> </li> </ul>

Metropolitan Exposition Recreation Commission Record of Actions  
Jan. 8, 2014

	<p>she is working to make connections with project managers and businesses and will get more active in educating businesses about Metro/MERC's procurement processes .</p> <ul style="list-style-type: none"> <li>• Commissioner Leary responded that he was more interested in media and non-electronic outreach suggestions.</li> <li>• Commissioner Stoudamire-Phillips inquired where Procurement's new brochures are being distributed.</li> <li>• Schuster replied that they are passed out at any meeting or event they go to.</li> <li>• Stoudamire-Phillips noted that it would be helpful to have a list in order to find out exactly which meetings Procurement staff plans to attend.</li> <li>• Council Liaison, Chase, inquired if Procurement has discussed educating businesses on how to access and more successfully apply for Metro and MERC business opportunities.</li> <li>• Schuster noted they had completed an MWESB survey in order to identify barriers to businesses. A Focus Group scheduled in February will share information about what the barriers are for businesses to compete for Metro/MERC contracts. She agreed that more research is needed.</li> <li>• Commissioner Erickson commented that the problem is two-fold. One is to get the word out the other is conversion rate, which would allow for measurement of success.</li> <li>• Dresler added that the recently hired FOTA consultant team will also help us identify ways to improve outreach efforts.</li> </ul>
<b>7.0</b>	<p><b>DIVERSITY ACTION PLAN UPDATE</b></p> <ul style="list-style-type: none"> <li>• Diversity Manager, Bill Tolbert, was ill. He will offer his presentation at the February MERC meeting.</li> </ul>
<b>8.0</b>	<p><b>FOTA CONSULTANT INTRODUCTION/WORK PLAN</b></p> <ul style="list-style-type: none"> <li>• Stephanie Soden introduced FOTA Consultant team: Cogan Owens Cogan (COC).</li> <li>• Team members include: Steve Faust, Senior Planner; Kirstin Greene, Managing Principal; Elaine Cogan, founder Cogan Owens Cogan; Warren I. Fluker, CEO, Fluker &amp; Associates; Chip Lazenby, Principal, Lazenby &amp; Associates. Each member of the team gave introductory remarks and Faust briefly outlined the work plan after which discussion was held. <ul style="list-style-type: none"> <li>• Commissioner Leary inquired, based on COC's assessment thus far, where MERC/Metro is now as an agency.</li> <li>• Fluker replied that there is a major disconnect between prospective individuals and businesses that prevents them from "getting to the front door" and from lasting once they get there. It is important for Metro to better understand the community.</li> <li>• Lazenby added that it is important to develop better connection with the community – that is the needed end product. Internal change is needed as well.</li> <li>• Commissioner Leary noted that the Commission is committed and wants the program to be a model.</li> <li>• Commissioner Dozono stated the MERC FOTA liaisons have an identity with the minority community and suggested that COC take advantage of that.</li> <li>• Council Liaison Chase added it is important to learn how Metro can use other resources to bring about effective outreach .</li> <li>• Chair Hammerstad added that the Commission is committed and hopes for a concrete outcome that offers "do-able" goals.</li> <li>• Lazenby commented that the COC team hopes that through their community engagement work, they will narrow the gap between the community and the Metro/MERC process .</li> <li>• Portland's director, Robyn Williams noted that better tools are needed to make the FOTA work for MERC staff members. OCC director, Scott Cruickshank requested that the COC team spend time with each venue in order to understand the challenges faced at each.</li> <li>• Commissioner Leary stated that the FOTA began as a working agreement with the African</li> </ul> </li> </ul>

	American community and that results of the study should honor that commitment.
<b>9.0</b> <b>9.1</b>	<p><b>CONSENT AGENDA</b></p> <p>December 4, 2013 MERC Regular Meeting Record of Actions</p> <ul style="list-style-type: none"> <li>A motion was made by Commissioner Leary and seconded by Commissioner Erickson to approve the Consent Agenda.</li> </ul> <p>VOTING: Aye: 7 (Leary, Stoudamire-Phillips ,Dozono, Hammerstad, Haruyama, Goldman, Erickson) Nay: 0 Motion passed</p>
<b>10.0</b> <b>10.1</b>	<p><b>ACTION AGENDA</b></p> <p><b>Resolution 14-01</b> for the purpose of adopting a MERC Personnel Policy on Mandatory Reporting of Child Abuse.</p> <ul style="list-style-type: none"> <li>Chair Hammerstad inquired if the policy applied to the Commission.</li> <li>Deputy Metro Attorney, Nathan Sykes, replied that it applies to employees only. It does not apply to the Commission.</li> <li>A motion was made by Commissioner Leary and seconded by Commissioner Erickson to approve Resolution 14-01 as presented.</li> </ul> <p>VOTING: Aye: 7 (Leary, Stoudamire-Phillips ,Dozono, Hammerstad, Haruyama, Goldman, Erickson) Nay: 0 Motion passed</p>
	As there was no further business to come before the Commission, the meeting adjourned at 1:55 p.m.

**Authorization to Represent MERC/METRO  
on Trade-Promotion Mission; Fact-Finding Mission;  
Economic Development Activity; or Negotiation  
(Food Travel, Lodging Expenses Approved in Advance- exception (H))**

In accordance with ORS 244.020(5)(b)(H), the following public officials: **all current MERC Commissioners and current Metro Councilors** are hereby authorized to represent Metro/MERC in an official capacity; and

The MERC Commission and Metro Council hereby approves in advance, the receipt of reasonable expenses for food, travel, and lodging for the above-named public officials and his/her accompanying relative, household member, or staff member, for attendance at (check one):

☒ **trade-promotion mission;**  
☐ **fact-finding mission;**  
☒ **economic development activity; OR**  
☐ **negotiation;**

as follows (*describe date and type of event*):

Activites related to the Travel Portland Customer Advisory Board where meals will be paid for by Travel Portland, to familiarize potential meeting planners and association executives with Portland and with the Oregon Convention Center, and to facilitate Oregon and Portland tourism and economic development, which activity(ies) will take place in Portland on **February 19, 20 & 21, 2014.**

Being approved by the MERC Commission, at its regular meeting on February 5, 2014, the above activity is hereby officially sanctioned by MERC.

\_\_\_\_\_  
MERC Commission Chair

Being approved by the Metro Council, at its regular meeting on \_\_\_\_\_, the above activity is hereby officially sanctioned by Metro.

\_\_\_\_\_  
Metro Council President

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# **MERC Commission Meeting**

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February 5, 2014  
12:30 pm

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10.0 Action Agenda

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**Metropolitan Exposition Recreation Commission**

**Resolution No. 14-02**

For the Purpose of Approving the Terms of the Fifth Amendment to the Broadway Series Agreement and Delegating Authority to the General Manager of Visitor Venues To Execute the Fifth Amendment.

**WHEREAS**, the Portland Opera Association and Key Brand Theatrical Group Inc., an Oregon joint venture ("Presenter") present Broadway Theatre at the Portland's Centers for the Arts ("Portland's") pursuant to the Broadway Series Agreement and various amendments to this agreement (collectively referred to as the "Broadway Series Agreement"); and

**WHEREAS**, on December 13, 2006, the Metropolitan Exposition Recreation Commission ("MERC") authorized an extension of the Broadway Series Agreement through the 2015-16 season; and

**WHEREAS**, the Parties now desire to extend the term of the agreement through the 2025-2026 season; and

**WHEREAS**, the Parties have agreed to the terms and conditions of the extension of the Broadway Series Agreement; and

**WHEREAS**, Portland's staff recommend that MERC approve the terms of the Fifth Amendment to the Broadway Series Agreement.

**BE IT THEREFORE RESOLVED AS FOLLOWS:**

1. The Metropolitan Exposition Recreation Commission approves the terms and conditions of the Fifth Amendment to the Broadway Series Agreement in substantially the form attached hereto as Exhibit "A"; and
2. The Metropolitan Exposition Recreation Commission authorizes the General Manager of Visitor Venues to execute the Fifth Amendment to the Broadway Series Agreement on behalf of the Commission, in substantially the form attached hereto as Exhibit "A."

Passed by the Commission on February 5, 2014.

Approved As to Form:  
Alison R. Kean, Metro Attorney

By: \_\_\_\_\_  
Nathan A. S. Sykes  
Deputy Metro Attorney

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Secretary/Treasurer

## **FIFTH AMENDMENT TO BROADWAY SERIES AGREEMENT**

This Fifth Amendment is made and entered into by and between the Metropolitan Exposition Recreation Commission (hereinafter “MERC”) and Portland Opera Association and Key Brand Theatrical Group Inc., a joint venture, (hereinafter “Presenter”) including all parent companies, members, affiliates, subsidiaries, successors and assigns. MERC and Presenter will be collectively referred to as “the Parties.”

### **RECITALS**

- A. MERC is an appointed commission of Metro, a municipal corporation.
- B. Presenter is an Oregon joint venture.
- C. The Parties have entered into a Broadway Series Agreement, the First Amendment to the Broadway Series Agreement, the Second Amendment to the Broadway Series Agreement, the Third Amendment to the Broadway Series Agreement, and the Fourth Amendment to the Broadway Series Agreement (hereinafter collectively referred to as “the Agreement”).
- D. The term of the Agreement is set to expire at the conclusion of the 2015-2016 Presentation Year and the Parties wish to extend the term of the Agreement through the 2025-2026 Presentation Year.
- E. The parties have agreed to certain fees through the 2025-2026 Broadway Season with other fees to be negotiated at a future date.

NOW, THEREFORE, in consideration of the mutual covenants of the Parties hereto, and upon the express terms and conditions hereinafter set forth, it is agreed by and between them as follows:

1.

### **TERM OF THE AGREEMENT**

Section 4 of the Agreement shall be amended as follows: The Term of the Agreement shall be extended through the conclusion of the 2025-2026 Presentation Year unless sooner terminated by mutual agreement of the Parties or as provided in the Agreement.

2.

### **EXHIBIT A-1 TO THE AGREEMENT**

The parties agree to the User Fees, House Package and Family Show rates and terms as described in Exhibit A-1 to this Fifth Amendment and Exhibit A-1 is hereby incorporated by reference into this Fifth Amendment. All other terms and conditions of the Agreement shall remain the same.

3.

**AMENDMENT DOCUMENTS**

The Amendment documents together form the Agreement between MERC and the Presenter. All determination of the precedence of, discrepancy in, or conflicts regarding the Amendment documents shall be in accord with the following order, with the highest precedence item at the top:

- a. This Fifth Amendment to Broadway Series Agreement.
- b. The Fourth Amendment to Broadway Series Agreement.
- c. The Third Amendment to Broadway Series Agreement.
- d. The Second Amendment to Broadway Series Agreement.
- e. The First Amendment to Broadway Series Agreement.
- f. The Broadway Series Agreement.
- g. The standard Portland's 5 Centers for the Arts Limited License Agreement.
- h. Amendment to the Commission's policies and procedures which are in effect as of the date hereof, a copy of which is attached, or are enacted subsequent to the date of this Amendment.

**PRESENTER**

**METROPOLITAN EXPOSITION  
RECREATION COMMISSION**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Portland Opera Association

MERC

Date: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Key Brand Theatrical Group, Inc.

Date: \_\_\_\_\_

## FOR BROADWAY SHOWS AT KELLER AUDITORIUM AND ARLENE SCHNITZER CONCERT HALL

		BASE RENT: HIGH SEASON SEPTEMBER - MAY	BASE RENT: LOW SEASON JUNE-AUGUST	% RENT = 1.5%>\$650K CAPPED @	USER FEE	HOUSE PACKAGE**	DARK TIME RENT
	< \$650K	\$ 31,060.00	\$ 26,400.00				
2016-2017	\$650K-\$850K	\$ 33,890.00	\$ 28,780.00	\$ 42,500.00	\$ 4.25	\$ 29,436.00	\$ 15,530.00
	> \$850K	\$ 38,140.00	\$ 32,390.00				
				% RENT = 1.5%>\$750K CAPPED @			
2017-2018	<\$750	\$ 31,992.00	\$ 27,192.00	\$ 42,500.00	\$ 4.25	\$ 30,319.00	\$ 15,996.00
	\$750-\$950K	\$ 34,907.00	\$ 29,643.00				
	>\$950	\$ 39,284.00	\$ 33,362.00				
				% RENT = 1.5%>\$800K CAPPED @			
2018-2019	<\$800K	\$ 32,952.00	\$ 28,008.00	\$ 45,000.00	\$ 4.25	\$ 31,229.00	\$ 16,476.00
	\$800K-\$1M	\$ 35,954.00	\$ 30,532.00				
	>\$1M	\$ 40,463.00	\$ 34,363.00				
2019-2020	<\$800K	\$ 33,941.00	\$ 28,848.00	\$ 45,000.00	\$ 4.50	TBD	\$ 16,970.00
	\$800K-\$1M	\$ 37,033.00	\$ 31,448.00				
	>\$1M	\$ 41,677.00	\$ 35,394.00				
2020-2021	<\$800K	\$ 34,959.00	\$ 29,713.00	\$ 45,000.00	\$ 4.50	TBD	\$ 17,479.00
	\$800K-\$1M	\$ 38,144.00	\$ 32,391.00				
	>\$1M	\$ 42,927.00	\$ 36,456.00				
2021-2022	<\$800K	\$ 36,008.00	\$ 30,604.00	\$ 47,500.00	\$ 4.50	TBD	\$ 18,003.00
	\$800K-\$1M	\$ 39,288.00	\$ 33,363.00				
	>\$1M	\$ 44,215.00	\$ 37,550.00				
2022-2023	<\$800K	\$ 37,088.00	\$ 31,522.00	\$ 47,500.00	\$ 4.75	TBD	\$ 18,543.00
	\$800K-\$1M	\$ 40,467.00	\$ 34,364.00				
	>\$1M	\$ 45,541.00	\$ 38,677.00				
2023-2024	<\$800K	\$ 38,201.00	\$ 32,468.00	\$ 50,000.00	\$ 4.75	TBD	\$ 19,099.00
	\$800K-\$1M	\$ 41,681.00	\$ 35,395.00				
	>\$1M	\$ 46,907.00	\$ 39,837.00				
2024-2025	<\$800K	\$ 39,347.00	\$ 33,442.00	\$ 50,000.00	\$ 4.75	TBD	\$ 19,672.00
	\$800K-\$1M	\$ 42,931.00	\$ 36,457.00				
	>\$1M	\$ 48,314.00	\$ 41,032.00				
2025-2026	<\$800K	\$ 40,527.00	\$ 34,445.00	\$ 53,000.00	\$ 5.00	TBD	\$ 20,262.00
	\$800K-\$1M	\$ 44,219.00	\$ 37,551.00				
	>\$1M	\$ 49,763.00	\$ 42,263.00				

Reduction of 5% of Base Rent to apply to all weeks for weeks presented in excess of eight (8). Excludes family shows and show held in the Newmark Theatre.

Base Rents, Percentage Rents, Rent Caps and House Packages are prorated by eighths for weeks containing fewer than or more than eight performances. Percentage rent is due in addition to base rent. Gross is defined as gross box office receipts less user fee.

Dark-Time rates are pro-rated by sevenths.

Beginning in 2019-2020 House Package will be negotiated every 3 years.

House package to include cleaning, equipment rental, front of house staff (ushers and ticket takers), event engineer, house sound and lighting equipment, all permanently attached stage equipment, security, utilities, follow spot rental, washer/dryer and box office event staff as defined below.

Cleaning: pre-and post even cleaning and 2 event custodians

Equipment rental: tables, chairs, 3 follow spots

Front of House staff: All ushers, ticket takers (including Premier entrance usher), elevator operators and house manager. Special needs or requests beyond the needs of servicing the performance will be an additional billing.

Event engineer-on site to monitor/adjust HVAC controls and minor maintenance as needed

Security: Stage door attendant; maximum of 100 hours per week

Box Office staff: Event staffing of Keller box office 2 hours before curtain and 1/2 hour after curtain.

#### Miscellaneous

One full page in the show program for every show presented will be made available for use by PCPA. Presenter will make a "best effort" to place this page in the first half of the program.

Bottled water will be allowed in the seating area for all performances; additional food and beverage as mutually agreed upon.

## FAMILY SHOWS

		RENT	HOUSE PACKAGE		TICKET PRICE	USER FEE	LOAD-IN/REH DAY
2008-2009	1 PERF DAY	\$	3,240.00	1P \$	2,200.00	< \$20 \$	1.25
	2 PERF DAY	\$	4,640.00	2P \$	4,400.00	\$20-\$25 \$	1.50
	3 PERF DAY	\$	6,730.00	3P \$	6,600.00	\$25-\$30 \$	1.75
					>\$30 & CAP	\$	2.00
2009-2010	1 PERF DAY	\$	3,340.00	1P \$	2,270.00	< \$25 \$	1.50
	2 PERF DAY	\$	4,780.00	2P \$	4,540.00	\$25-\$30 \$	1.75
	3 PERF DAY	\$	6,930.00	3P \$	6,810.00	\$30-\$35 \$	2.00
					>\$35 & CAP	\$	2.25
2010-2011	1 PERF DAY	\$	3,440.00	1P \$	2,340.00	< \$25 \$	1.50
	2 PERF DAY	\$	4,920.00	2P \$	4,680.00	\$25-\$30 \$	1.75
	3 PERF DAY	\$	7,140.00	3P \$	7,020.00	\$30-\$35 \$	2.00
					>\$35 & CAP	\$	2.25
2011-2012	1 PERF DAY	\$	3,540.00	1P	TBD	< \$25	TBD
	2 PERF DAY	\$	5,070.00	2P	TBD	\$25-\$30	TBD
	3 PERF DAY	\$	7,350.00	3P	TBD	\$30-\$35	TBD
					>\$35 & CAP	TBD	
2012-2013	1 PERF DAY	\$	3,650.00	1P	TBD	< \$25	TBD
	2 PERF DAY	\$	5,220.00	2P	TBD	\$25-\$30	TBD
	3 PERF DAY	\$	7,570.00	3P	TBD	\$30-\$35	TBD
					>\$35 & CAP	TBD	
2013-2014	1 PERF DAY	\$	3,760.00	1P	TBD	< \$25	TBD
	2 PERF DAY	\$	5,380.00	2P	TBD	\$25-\$30	TBD
	3 PERF DAY	\$	7,800.00	3P	TBD	\$30-\$35	TBD
					>\$35 & CAP	TBD	
2014-2015	1 PERF DAY	\$	3,870.00	1P	TBD	< \$25	TBD
	2 PERF DAY	\$	5,540.00	2P	TBD	\$25-\$35	TBD
	3 PERF DAY	\$	8,030.00	3P	TBD	\$35-\$40	TBD
					>\$40 & CAP	TBD	
2015-2016	1 PERF DAY	\$	3,990.00	1P	TBD	< \$25	TBD
	2 PERF DAY	\$	5,710.00	2P	TBD	\$25-\$35	TBD
	3 PERF DAY	\$	8,270.00	3P	TBD	\$35-\$40	TBD
					>\$40 & CAP	TBD	

## MERC Staff Report

**Agenda Item/Issue:** For the Purpose of Approving the Terms of the Fifth Amendment to the Broadway Series Agreement and Delegating Authority to the General Manager for Visitor Venues to Execute the Fifth Amendment.

**Resolution No.:**

**Presented By:** Robyn Williams

**Date:** January 8<sup>th</sup>, 2014

### **Background and Analysis:**

In September, 1997 the Commission approved a joint venture group (Portland Opera and what is currently known as Broadway Across America) to present a single Broadway Series at PCPA. The initial agreement was 5 years with extensions and financial terms renegotiated for 3 additional seasons. In March 2003, new terms and conditions for seasons through 07/08 were negotiated and in December 2006 a second amendment was approved by the Commission for Broadway seasons beginning in FY08-09 through 2015-2016. This amendment established rental rates for the subsequent 8 years in order to participate in a West Coast block booking that would assist in bringing the most popular shows to Portland. A third amendment to the contract was approved in September 2010 to amend user fees for the years 2010-2011 and 2011-2012 for subscription sales only. A fourth amendment to the contract in 2011 established user fees and house package rates for the remaining five years on the contract which covers the FY16 Broadway season.

Broadway Across America has requested a ten year extension of their contract. By establishing rates and fees in advance, Broadway Across America is in a better position to negotiate for the top shows and bring them to Portland. It also aligns us with venues in Seattle and Costa Mesa who have similar contract extensions so we can continue to leverage a west coast block that makes us attractive to popular shows.

### **Fiscal Impact:**

User fee will increase \$0.25 every three years of the contract. This will generate an estimated \$83,600 in additional revenues over contract period assuming current attendance levels and an eight week series per year. (\$691,000 total in user fees.)

The house package increases 20% the first year and 3% the next two years and will be renegotiated every three years to insure it continues to cover labor costs, utilities and associated overhead.

Rental rates increase 3% per year.

**Recommendation:** Staff recommends that the Metropolitan Exposition Recreation Commission approve the Terms of the Fourth Amendment to the Broadway Series Agreement.